

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 SCEM-02 INT-08 SPC-03

AID-20 NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08

OMB-01 CEA-02 CIAE-00 COME-00 FRB-02 INR-10 NSAE-00

XMB-07 OPIC-12 LAB-06 SIL-01 L-03 H-03 DODE-00 PA-04

USIA-15 PRS-01 NEA-10 EA-11 DRC-01 /210 W

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P R 091035Z JAN 74

FM AMEMBASSY COTONOU

TO SECSTATE WASHDC PRIORITY 5774

INFO AMEMBASSY ABIDJAN

AMEMBASSY LAGOS

AMEMBASSY LOME

AMEMBASSY NIAMEY

AMEMBASSY OUAGADOUGOU

RUFNPSJUAMEMBASSY PARIS 1186

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E.O. 11652: N/A

TAGS: ENRG, DM

SUBJECT: DAHOMEANS REVOKE UNION OIL CONVENTION

1. MRGD ANNOUNCED ON NEWS BROADCAST EVENING JANUARY 8
DECISION TAKEN THAT DATE TO REVOKE UNION OIL CONVENTION.
THIS WAS FIRST INDICATION OF DECISION RECEIVED BY LOCAL UNION
REP.

2. IN JUSTIFYING DECISION, MRGD ACCUSED UNION OF "USING
ALL ARGUMENTS AND ALL SUBTERFUGE TO JUSTIFY THEIR NOT
PASSING TO EXPLOITATION PHASE..." IN JUNE 1973 UNION
OFFICIALS, THE ANNOUNCEMENT CLAIMED, "MANIFESTED THEIR
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UNEQUIVOCAL WISH" TO WITHDRAW FROM DAHOMEY. THE MRGD,

TAKING COGNIZANCE OF THEIR POSITION, OFFICIALLY INFORMED THEM THAT THEY COULD NO LONGER BENEFIT FROM THE 1964 CONVENTION WHICH WAS THUS NULLIFIED. SOME TIME LATER, UNION REPS ADMITTED THAT THE OIL DEPOSITS HAD BECOME ECONOMICALLY EXPLOITABLE AND ASKED MRGD TO GIVE A WRITTEN UNDERTAKING THAT THE CONVENTION WOULD NEVER BE MODIFIED WITHOUT UNION'S EXPRESSED CONSENT. IN EXPLAINING UNION'S ALLEGED CHANGE OF HEART, ANNOUNCEMENT CITED RISE IN PETROLEUM PRICES AND SPECULATION ON THE SHORTAGE OF PETROLEUM.

3. THE ANNOUNCEMENT ENDED: "TAKING INTO ACCOUNT THE COMPORTMENT OF THE DIRECTORS OF THE COMPANY SINCE THEIR COMING TO DAHOMEY AND THE CONDITIONS THEY IMPOSE BEFORE PASSING TO EXPLOITATION PHASE, THE COUNCIL OF MINISTERS REVOKES BY ORDINANCE OF THIS DATE, THE CONVENTION SIGNED DECEMBER 19, 1964, WITH UNION OIL. OTHER COMPANIES, WHICH HAVE ALREADY CLEARLY DEMONSTRATED AN INTEREST IN EXPLOITING OUR OIL, WILL BE INVITED TO SUBMIT PROPOSITIONS TO COMPETENT AUTHORITIES."

4. COMMENT: WHILE IT IS TRUE THAT UNION'S OUT-AGAIN, IN-AGAIN ATTITUDE OVER PAST YEAR MAY JUSTIFY QUESTIONING OF THEIR INTENTIONS ON PART OF DAHOMEANS, DISCOURTESY OF NOT INFORMING UNION PRIOR TO PUBLIC ANNOUNCEMENT OF REVOCATION THEIR CONVENTION IS UNNECESSARY SLAP IN FACE OF COMPANY WHICH HAS SPENT \$17 MILLION TO FIND OIL. ASSUME DAHOMEANS WILL NOW BE CONTACTING ROSARIO AND OTHER OIL COMPANIES WHO HAVE SHOWN INTEREST IN GAINING CONCESSION. CLEARLY, THEY THINK THEY ARE NOW IN STRONG BARGAINING POSITION WITH OIL SHORTAGE AND RISE IN PRICES. ASSUME THEY WILL ATTEMPT IMPOSE MUCH HARDER TERMS ON ANY COMPANY NEGOTIATING FOR NEW CONCESSION.
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